

STORAGE NAME: h0663a.bdt

DATE: March 23, 1999

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
BUSINESS DEVELOPMENT & INTERNATIONAL TRADE
ANALYSIS**

BILL #: HB 663

RELATING TO: Unemployment Compensation/Alternative Base

SPONSOR(S): Representative C. Smith and others

COMPANION BILL(S): SB 1366(I) and HB 31(C)

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:

- (1) BUSINESS DEVELOPMENT & INTERNATIONAL TRADE YEAS 5 NAYS 2
 - (2) INSURANCE
 - (3) TRANSPORTATION & ECONOMIC DEVELOPMENT APPROPRIATIONS
 - (4)
 - (5)
-

I. SUMMARY:

This bill proposes to create an "alternative base period" for individuals with benefit years beginning on or after January 1, 2000, who do not qualify monetarily under the standard base period.

The estimated annual fiscal impact of this bill is (\$4,700,000) for FY 1999-2000.

This bill would take effect October 1, 1999.

See Amendments or Committee Substitute Changes, Section VI.

II. SUBSTANTIVE ANALYSIS:

A. PRESENT SITUATION:

Base Period

To establish eligibility for unemployment compensation benefits, an unemployed individual must have earned wages during at least two calendar quarters of a one year period called the "base period." Section 443.036, Florida Statutes, defines base period as "the first four of the last five completed calendar quarters immediately preceding the first day of an individual's benefit year." The 5th completed calendar quarter--or lag quarter--has historically not been used to determine monetary eligibility because the division lacks the necessary data to verify earned wages. Currently, base period wages used in determining the amount of benefits that may be paid to a worker are established primarily through the wage data furnished by employers on a quarterly basis. Employers have until the last day of the month following the end of a calendar quarter to submit their quarterly wage and tax reports. In general, the division requires the following two-month period to process the 360,000 employer tax reports and enter the wage information into its data base in preparation for claims which will be filed beginning the next quarter. For example, employer reports for the fourth quarter of a calendar year are due by the end of January. The division requires two months to process the information and enter the wage data, a process which is not considered complete until the end of March. April 1 is the earliest filing date for a claim that can incorporate wages an individual earned during the fourth quarter of the previous year.

Because the lag quarter is not used in the benefit computation, some seasonal workers or short-term members of the labor market may not be able to establish their monetary eligibility for benefits.

B. EFFECT OF PROPOSED CHANGES:

For new claims filed on or after January 1, 2000, the bill requires the Division of Unemployment Compensation to designate an alternative base period for individuals who are not monetarily eligible for benefits using the standard base period. The bill defines "alternative base period" as the last 4 completed calendar quarters immediately preceding the individual's benefit year. Wages used in determining eligibility pursuant to this cannot be used to establish monetary eligibility in any succeeding benefit year. The bill allows the division to base the monetary eligibility determination on an affidavit from the individual claiming benefits, if the necessary wage information is not already available to the division or available through the employers' regular quarterly reports or through other means. The bill provides that employers would have ten days to respond to wage requests sent by the division.

C. APPLICATION OF PRINCIPLES:

1. Less Government:

a. Does the bill create, increase or reduce, either directly or indirectly:

(1) any authority to make rules or adjudicate disputes?

N/A

(2) any new responsibilities, obligations or work for other governmental or private organizations or individuals?

N/A

(3) any entitlement to a government service or benefit?

N/A

b. If an agency or program is eliminated or reduced:

(1) what responsibilities, costs and powers are passed on to another program, agency, level of government, or private entity?

N/A

(2) what is the cost of such responsibility at the new level/agency?

N/A

(3) how is the new agency accountable to the people governed?

N/A

2. Lower Taxes:

a. Does the bill increase anyone's taxes?

N/A

b. Does the bill require or authorize an increase in any fees?

N/A

c. Does the bill reduce total taxes, both rates and revenues?

N/A

d. Does the bill reduce total fees, both rates and revenues?

N/A

e. Does the bill authorize any fee or tax increase by any local government?

N/A

3. Personal Responsibility:

a. Does the bill reduce or eliminate an entitlement to government services or subsidy?

N/A

b. Do the beneficiaries of the legislation directly pay any portion of the cost of implementation and operation?

N/A

4. Individual Freedom:

a. Does the bill increase the allowable options of individuals or private organizations/associations to conduct their own affairs?

N/A

b. Does the bill prohibit, or create new government interference with, any presently lawful activity?

N/A

5. Family Empowerment:

a. If the bill purports to provide services to families or children:

(1) Who evaluates the family's needs?

N/A

(2) Who makes the decisions?

N/A

(3) Are private alternatives permitted?

N/A

(4) Are families required to participate in a program?

N/A

(5) Are families penalized for not participating in a program?

N/A

b. Does the bill directly affect the legal rights and obligations between family members?

N/A

c. If the bill creates or changes a program providing services to families or children, in which of the following does the bill vest control of the program, either through direct participation or appointment authority:

(1) parents and guardians?

N/A

(2) service providers?

N/A

(3) government employees/agencies?

N/A

D. STATUTE(S) AFFECTED:

Section 443.036, Florida Statutes.

E. SECTION-BY-SECTION ANALYSIS:

See Effect of Proposed Changes.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

	FY 99-2000	FY 2000-01
Employment Security Administration Trust Fund	(\$250,000)	

2. Recurring Effects:

	FY 99-2000	FY 2000-01
Unemployment Compensation Trust Fund	(\$4,000,000)	(\$4,000,000)
Employment Security Administration Trust Fund	<u>(\$ 450,000)</u>	<u>(\$ 450,000)</u>
Total Recurring Expenditures	(\$4,700,000)	(\$4,450,000)

3. Long Run Effects Other Than Normal Growth:

None.

4. Total Revenues and Expenditures:

	FY 99-2000	FY 2000-01
Unemployment Compensation Trust Fund	(\$4,000,000)	(\$4,000,000)
Employment Security Administration Trust Fund	<u>(\$ 450,000)</u>	<u>(\$ 450,000)</u>
Total Recurring Expenditures	(\$4,450,000)	(\$4,450,000)

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

N/A

2. Recurring Effects:

N/A

3. Long Run Effects Other Than Normal Growth:

N/A

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

N/A

2. Direct Private Sector Benefits:

N/A

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3. Effects on Competition, Private Enterprise and Employment Markets:

N/A

D. FISCAL COMMENTS:

None.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

N/A

B. REDUCTION OF REVENUE RAISING AUTHORITY:

N/A

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

N/A

V. COMMENTS:

None.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

On March 22, 1999, The Business Development and International Trade Committee adopted one amendment. The amendment deletes language allowing an individual to file an affidavit for proof of employment history.

VII. SIGNATURES:

COMMITTEE ON BUSINESS DEVELOPMENT & INTERNATIONAL TRADE:

Prepared by:

Staff Director:

Victoria A. Minetta

J. Paul Whitfield, Jr.